



U.S. Department of Justice

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EVENT: Sentencing

Defendant: Charles G. Mady

**NORTHVILLE ATTORNEY SENTENCED
TO 64 MONTHS FOR EMBEZZLEMENT**

Charles G. Mady, a 36-year-old Northville attorney was sentenced today in Federal Court in Detroit to 64 months in prison for embezzling millions of dollars from 30 investors, United States Attorney Stephen J. Murphy announced. In pronouncing sentence, United States District Judge Victoria Roberts also ordered Mady to pay \$8,457,150.02 in restitution to victim investors.

Murphy was joined in the announcement by Daniel D. Roberts, Special Agent In Charge of the Detroit Field Office of the Federal Bureau of Investigation.

Mady pleaded guilty earlier this year to two counts of embezzlement from a "commodity pool fund." This was a pool of investor funds which Mady had received from victims for the purpose of trading in commodity futures. Mady was initially charged with fraud and embezzling over \$3 million of pooled investor funds and losing, through his trading activities, more than \$4 million of additional investor money. Additional

criminal allegations against Mady included misrepresenting to investors his past trading record and providing investors with fraudulent “account statements” that falsely indicated that investors were making money. At the sentencing, evidence was presented that Mady had used investor money, over a 2½ year period, to perpetrate a “Ponzi” scheme: using new investor money to pay previous investors and diverting the money for personal expenditures, such as home improvements; paying credit card bills; and purchasing and maintaining racehorses worth over \$1 million.

United States Attorney Murphy said, “The investing public can take some assurance from today’s tough sentence that crooked investment professionals will pay a high price if they line their own pockets rather than following their customers’ directions. Cases like this are complex, but agencies like the FBI and the Commodity Futures Trading Commission have the expertise to unravel such sophisticated fraud schemes and bring the perpetrators to justice. I salute the fine efforts of those agencies and the members of our office who successfully prosecuted the case, which demonstrates the commitment we have to prosecute white collar crime vigorously.”

Mady has been incarcerated since December 2004, when it was discovered that, after being charged in the initial case, Mady was perpetrating another fraud scheme involving an additional investor. In that case, Mady was accused of defrauding the latter investor of \$1.5 million.

The case was investigated by the Commodity Futures Trading Commission and the Federal Bureau of Investigation. It was prosecuted by Assistant United States Attorneys Paul Burakoff and Julie Beck.